

# HOUSE BILL REPORT

## SSB 6273

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**As Reported by House Committee On:**  
Business & Financial Services

**Title:** An act relating to money transmitters.

**Brief Description:** Revising provisions governing money transmitters.

**Sponsors:** Senate Committee on Financial Institutions, Housing & Insurance (originally sponsored by Senators Hobbs, Benton and Mullet).

**Brief History:**

**Committee Activity:**

Business & Financial Services: 2/25/14 [DP].

**Brief Summary of Substitute Bill**

- Allows a money transmitter to delay the transmission of money for more than 10 business days if the transmission is for the payment of goods or services.

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### HOUSE COMMITTEE ON BUSINESS & FINANCIAL SERVICES

**Majority Report:** Do pass. Signed by 15 members: Representatives Kirby, Chair; Ryu, Vice Chair; Parker, Ranking Minority Member; Vick, Assistant Ranking Minority Member; Blake, Fagan, Habib, Hawkins, Hudgins, G. Hunt, Hurst, Kochmar, MacEwen, Santos and Stanford.

**Staff:** David Rubenstein (786-7153).

**Background:**

The Department of Financial Institutions (DFI) regulates money transmission and currency exchange businesses under the Uniform Money Services Act (Act). The Act was created in 2003 to protect consumers and to ensure that these businesses are not used for criminal purposes.

Money transmission is the receipt of money for the purpose of transmitting or delivering the money, or its equivalent value, to another location, whether inside or outside the United

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States. The transmission and delivery of the money can take place by any means, including wire, facsimile, or electronic transfer. A money transmitter is a person engaged in money transmission.

A money transmitter must transmit money or its equivalent value received from a customer within 10 business days after receiving the money unless otherwise ordered by the customer or unless the money transmitter has reason to believe that a crime has occurred, is occurring, or may occur as a result of transmitting the money.

Every money transmitter must give the customer a receipt that clearly states the amount of money presented for transmission and the total of any fees charged.

An application for a money transmitter license must contain specified information regarding employment history, criminal convictions, identities and fingerprints of parties involved in the business, documentation of citizenship or legal work status, authorized delegates, the source of money or credit to be used in conducting business, and licensing problems or bankruptcies.

Prior to issuing a license, the Director of the DFI must examine the applicant's background, financial profile, experience, competence, character, and general fitness, and must determine that the applicant and its proposed employees are not listed by the federal government as persons who pose a potential threat of committing terrorist acts or financing terrorist acts.

The officers, directors, and owners of an applicant are subject to a state and national criminal background check unless the applicant or its corporate parent is a publicly traded entity. The DFI can disseminate nonconviction background information to criminal justice agencies. A licensee must provide contact information for all persons who are authorized to provide money services on behalf of the licensee.

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### **Summary of Bill:**

When a money transmission request is for the payment of goods or services, a money transmitter is not required to transmit money or its monetary equivalent within 10 business days of receipt of the money.

A money transmitter that accepts money from consumers purchasing goods or services from third-party merchants and transmits the money or its equivalent to those merchants selling the goods or services to the consumer must transmit the money within the time agreed upon in the merchant's agreement with the money transmitter. The agreement must conspicuously disclose to the merchant the money transmitter's authority to place a hold or delay in the transmittal for more than 10 business days and the circumstances under which the merchant may be subject to a hold or delay.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) This bill, the same as the one that passed the House, is designed for consumer protection to ensure that consumers get the same product that was ordered.

(Neutral) The DFI is officially neutral, but worked closely with industry on this bill. It is good for consumer protection because it allows an online merchant to wait until the consumer gets his or her goods before transmitting payment to the merchant. It also requires disclosure of the time limits so that all parties are informed.

(Opposed) None.

**Persons Testifying:** (In support) Scott Hazlegrove, eBay.

(Neutral) Deb Bortner, Department of Financial Institutions.

**Persons Signed In To Testify But Not Testifying:** None.